

Table I: Descriptive Statistics of Excess Returns

Statistic	Ireland		Spain	
	Estimate	Marg.Sig.	Estimate	Marg.Sig.
Mean	0.0344		0.0513	
Max	0.5182		0.1547	
Min	-0.0456		-0.0497	
Std.Dev.	0.0563		0.0321	
Shewness	5.5509		0.3479	
Kurtosis	44.57		4.7693	
Jarque-Bera	1,418	0	22.28	0
Aug.Dickey-Fuller	-314.61	0	-319.82	0
Engle-Ng	3.22	0.358	7.56	0
Q(1)	6.43	0.01	59.12	0
Q-squared(1)	0.01	0.91	104.67	0

Table II:  
GARCH-M Estimation Results

	Ireland		Spain	
	Estimate	T-Stat	Estimate	T-Stat
b1	0.155159	0.642314	0.019663	0.385427
c1	-0.03773	-3.07278	0.017672	3.409031
a1	-0.60637	-4.13081	0.529139	3.500423
g1	-0.00018	-0.00142	0.437318	1.59946
lik	-0.95518		-1.65443	
rsq	0.265042		0.139804	
Diagnostics				
	Estimate	MarSig	Estimate	MarSig
Q(1):e	25.39846	4.66E-07	78.06601	0
Q(1):e-sq	38.27591	6.14E-10	48.8756	2.73E-12
Engle-Ng	10.64935	0.013781	30.52818	1.07E-06
PS	0.003262	0.498701	0.001099	0.499562

Table III:

## ICAP-M Estimation Results:

	Ireland		Spain	
	Estimate	T-Stat	Estimate	T-Stat
xw(-1)	-0.00142	-0.00142	1.52E-05	0.053977
c11	-0.83279	3.223289	-2.37053	-0.72218
c12	0.062666	-0.00091	0.795724	78.49015
c22	0.143838	-0.00114	2.69985	0.387365
a11	-0.57324	0.000272	-15.0077	-62.3883
a12	0.595458	3.84E-06	-0.00031	-0.00274
a22	0.594582	-0.40546	-9.9E-06	-6.5E-05
g11	-0.01882	0.590477	-0.02178	-0.66111
g12	0.163646	1.245237	8.64E-05	0.000286
g22	0.08732	1.084748	11.4029	1.041711
lik	-175.867		-175.457	
rsq	0.000286		0.176351	
Q-Stats				
	Estimate	Marg.Sig.	Estimate	Marg.Sig.
Q(1):e1	1.314841	0.25152	1.314404	0.251599
Q(1):e2	4.963861	0.025882	46.06287	1.15E-11
Q(1):e1-sq	0.153245	0.695454	0.153231	0.695467
Q(1):e2-sq	0.064805	0.799056	39.60954	3.1E-10
PS-Stats				
h11	-202.827	0	-6.4173	0
h12	-1.07482	0.857892	1.492702	0.068829
h22	-5E+301	0	-2E+303	0
Engle-Ng				
e1	6.482291	0.090364	6.482183	0.090368
e1	2.441788	0.485903	39.75641	1.2E-08

Table IV:

## CRRRA Estimation Results

Co-term	Ireland		Spain	
	Estimate	T-Stat	Estimate	T-Stat
CRRRA	3.734251	12.23528	0.031995	0.080538
yw(-1)	0.074778	0.519154	0.00949	0.092646
inf(-1)	0.167814	0.167814	0.222009	1.312075
c11	-0.01625	-0.07743	0.261095	1.269522
c21	-0.59181	-3.87765	-0.0359	-0.26702
c22	0.003721	0.486083	0.033695	3.411765
c31	0.08277	0.426794	-0.82712	-4.46885
c32	-0.01847	-1.63127	0.005496	0.271948
c33	0.316326	1.486398	-0.0268	-0.47609
a11	0.434373	0.514481	-0.96927	-2.825
a12	-0.14248	-0.55304	0.011868	0.237553
a13	0.19557	0.120185	1.102827	5.029302
a22	-3.11919	-2.68035	1.143416	2.377111
a23	0.157456	3.626662	-0.00442	-0.03253
a33	0.059412	0.038111	1.164108	7.459799
g11	0.434901	1.160665	0.113665	0.570006
g12	0.011292	0.754713	-0.0089	-0.66148
g13	0.251271	0.760682	-0.16315	-0.52294
g22	0.265004	1.281506	0.184228	4.210977
g23	-0.0296	-1.32976	0.005788	0.028514
g22	-0.69667	-2.0589	-0.65963	-1.22436
log-lik	0.449155		0.480712	
rsq	0.449155		-0.05983	
Q-Statistics				
	Estimate	Mar.Sig.	Estimate	Mar.Sig.
Q(1):e1	0.009273	0.923284	1.000433	0.317206
Q(1):e2	1.713889	0.190482	0.309027	0.578278
Q(1):e3	23.37004	1.34E-06	68.75616	1.11E-16
Q(1):e1-sq	0.137811	0.710467	0.145448	0.702924
Q(1):e2-sq	0.09017	0.763961	0.14794	0.700512
Q(1):e3-sq	0.042468	0.83673	105.9728	0
PS-Statistics				
	Estimate	Mar.Sig.	Estimate	Mar.Sig.
h11	-0.47699	0.682959	-0.75727	0.774947
h12	0.004821	0.49808	0.006612	0.497367
h13	-0.00083	0.500331	-0.00135	0.500537
h22	-0.03065	0.512206	-0.01247	0.504966
h23	0.000495	0.499803	-0.00088	0.500352
h33	-0.22683	0.589564	-0.05347	0.521283
Engle-Ng				
	Estimate	Mar.Sig.	Estimate	Mar.Sig.
e1	5.38367	0.145764	6.399183	0.093724
e2	1.333828	0.721116	2.606797	0.456299

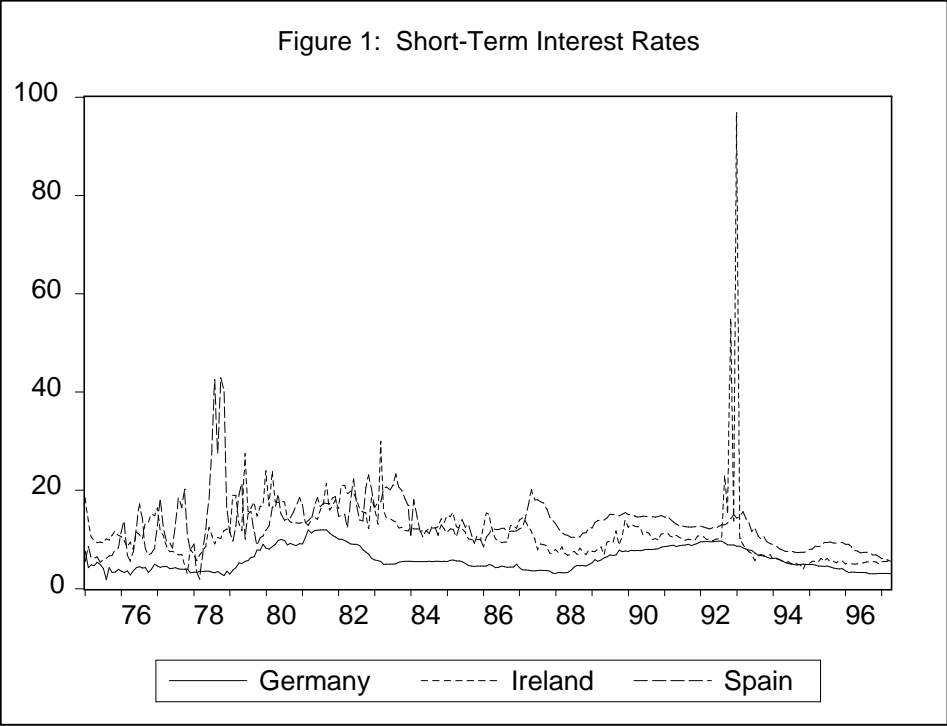


Figure 2: Rates of Depreciation of Irish Pound and Spanish Peseta

